

MINUTES
LEGISLATIVE GOVERNMENT OVERSIGHT COMMITTEE
June 19 & 20, 2006

The Legislative Government Oversight Committee met June 19, 2006, in the Supreme Court Chamber at the Capitol. Chair Representative Alons called the meeting to order at 11:10 a.m. Other members present were:

Senator Tom Courtney, Chair
Senator Ron Wieck, Chair
Senator Michael Connolly

Representative Joe Hutter, VC
Representative Vicki Lensing, RM
Representative Clel Baudler
Representative George Eichhorn
Representative Jamie Van Fossen
Representative Roger Thomas
Representative Wes Whitead
Representative Cindy Winckler

APPROVAL OF MINUTES

Minutes from the May 22 & 23, 2006, meeting moved by Representative Alons and approved by the Committee.

CIETC DISCUSSION

The Committee continued its inquiry relating to CIETC with testimony from the following individuals:

Representative Ed Fallon related previous experiences with CIETC and Iowa Workforce Development (IWD) suggesting that there have been ongoing problems within the agencies predating the recent developments regarding excessive salary and bonus payments. Representative Fallon indicated that in the mid-1990's he observed staffing duplication by CIETC and IWD in conducting client orientation and assessment interviews pursuant to the Promise Jobs Employment and Training Program in the Des Moines Service Delivery Area, and presented copies of a fiscal note prepared during the 1994 legislative session estimating an annual savings of \$330,000 if the duplication was eliminated. It was his understanding that the duplication had taken place for several years, and that CIETC had not adequately justified the practice. Representative Fallon also expressed dissatisfaction with IWD's response to his request that the agency track job growth and wages in companies receiving economic development assistance. He encouraged the Committee to continue its investigation based upon his impression that additional instances of misuse of funds and mismanagement by the agencies probably exist.

Deb Dessert Bargman, former CIETC Consultant, discussed her professional accounting background and previous employment experience, the circumstances surrounding her retention by CIETC as a consultant, her role in adapting purchased software to CIETC's accounting needs and to conform to new federal requirements, her preparation of CIETC financial

statements in 2004 and 2005, and her awareness of the CIETC investigation and her husband's compensation levels. Ms. Bargman indicated that she did not consider her employment as a consultant to be a conflict of interest with her current employment in a training and recruiting capacity by the State Auditor's Office, and stated that while the termination of her contract with CIETC in November of 2005 was based upon her work being completed, it would also have been inappropriate to continue in a consulting capacity once the investigation had commenced. She maintained that she requested that any discussion of the investigation by State Auditor's Office staff occur outside her presence, that she relied upon the representations of CIETC staff in preparing the financial statements, that her awareness of her husband's compensation levels was restricted to preparation of joint tax returns, and that his compensation levels had been determined by a process involving CIETC board member and State and federal agency review.

Ako Abdul-Samad, former CIETC Board Member, discussed the operation, goals, and success rate of Creative Visions, an organization to provide assistance to troubled youth; the circumstances relating to his joining the CIETC board and subsequent resignation; CIETC grants received by Creative Visions; and the justification for his decision to second a motion to reconfirm sole authority by the chairman of the CIETC board to approve compensation and bonus levels. Mr. Abdul-Samad also indicated that he was approached for Board membership based upon his experience with Creative Visions; that the grants received from CIETC were issued prior to his tenure as a board member; that he felt the reconfirmation continued a long-standing practice and was accompanied by an agreement that relevant information would be provided to the board's Executive Committee; and, that he resigned based on input from his constituents that it would be in their best interests if he distanced himself from the controversy.

RECESSED

Representative Alons recessed the meeting at 4:10 p.m.

June 20, 2006

Representative Alons called the meeting to order at 9: 00 a.m.

EXECUTIVE BRANCH "OTHER PAY" ANALYSIS

Jess Benson and Douglas Wulf, Legislative Services Agency, presented a report reviewing compensation amounts characterized as "other pay" paid to Executive Branch employees for Fiscal Year 2005 and portions of Fiscal Year 2006. The report listed nearly 1,000 instances of pay adjustments in amounts exceeding \$1,000 occurring during that time period, characterized by the agencies involved as exceptional job performance, recruitment or retention bonuses, extra duty pay, back pay, and additional designations. Administrative Rules requiring the submission to the Department of Administrative Services of a form documenting an award for exceptional job performance or a recruitment or retention bonus were reviewed, with the notation that the requirement related merely to notification, not approval. It was also noted that the decision to award the additional compensation is discretionary by the agency making the award. Committee discussion included whether inappropriate amounts have been awarded to certain individuals, whether an analogy can be drawn to the current CIETC bonus payment situation, how long agencies have had the option of awarding additional compensation, whether the practice has resulted at least in part from budgetary constraints encouraging agencies to find alternative means to adequately compensate employees, and the possible need to

reexamine compensation levels in relation to the private sector and the process by which agency budgets are determined.

MAYTAG CORPORATION CLOSURE ASSISTANCE EFFORTS

Mr. Dave Neil, IWD Acting Director, provided an update regarding assistance efforts for Maytag employees in the wake of the decision to close the Maytag plant. Mr. Neil presented a timeline of activity since the decision was announced and described efforts by the Rapid Response Team to determine employee needs and coordinate government and local resources to meet them. Mr. Neil emphasized that a grant obtained pursuant to the federal Trade Adjustment Act, providing assistance to laid-off employees, expires on December 23rd of this year, and that unless it is extended or renewed, employees laid off after that date will be ineligible for the assistance. He described a ripple effect in Newton as other businesses closed after the announcement was made. He also mentioned that job fairs were being held to facilitate affected employee contact with potential employers, and encouraged Committee members to contact the federal Department of Labor and Congressional representatives for assistance with renewal of the grant.

SEX OFFENDER TREATMENT PROGRAM – INPUT

Mr. Lawrence Vander Esch, former participant in the Sex Offender Treatment Program at Mt. Pleasant, discussed his experiences and observations both as a program participant and as a worker in a food-related capacity at the Corrections facility. Mr. Vander Esch provided the Committee with a list of several examples of what he regarded as unnecessary waste relative to the operation of the food service system at Mt. Pleasant, and estimated that a significant cost reduction could be achieved if improvements were implemented.

Mr. Vander Esch also related his perceptions that some Sex Offender Treatment Program counselors engaged in favoritism, that inappropriate language was employed by prison staff to an excessive degree, that decisions were made terminating inmates from the Program arbitrarily by prison staff, that an anti-Christian bias existed on the part of staff, that rules are applied inconsistently between the various prisons and offender facilities in the state, that the loss of offender "good time" upon termination from the Program is incorrectly being administered, and that the grievance program for offenders is ineffective. Mr. Vander Esch emphasized that the focus of the Program should be on helping offenders complete it, rather than forcing them out. Department of Corrections staff were present at the meeting, explained and justified their application of the "good time" loss policy, and requested that they be allowed to respond to the issues raised by Mr. Vander Esch at a future Committee meeting.

OTHER BUSINESS

The Committee tentatively scheduled additional meetings for June 26 and 27, July 10, July 18 and 19, July 24 and 25, July 31 and August 1, August 14 and 15, and August 21 and 22. Legal Counsel has been retained by each of the caucuses, and the Committee requested that they coordinate preparation of a list of suggestions for future action for the Committee, by June 27th.

ADDITIONAL INFORMATION

Committee meetings involving CIETC are being recorded, and can be linked via the opening page of the General Assembly's internet homepage. A website address for the recorded meetings is: <http://www4.legis.state.ia.us/lfb/SubCom/related links/OversightRecordings.html>.

ADJOURNED

Representative Alons adjourned the meeting at 12:30 p.m.